



General Services

STATE FLEET MANAGEMENT

MEMORANDUM

TO: South Carolina Fuel System Customers

FROM: Jeff McCormack, Interim State Fleet Manager

SUBJECT: Special Pricing for Fuel Contract

DATE: September 19, 2005

Due to the interruption of fuel supplies resulting from hurricane Katrina, fuel markets have experienced dramatic swings in price. Recognizing that a steady supply of fuel for South Carolina State agencies was critical, Mansfield Oil requested temporary relief from the OPIS plus pricing in our current contract instead of declaring *force majeure*. State Fleet Management, in consultation with the State Purchasing office, negotiated the following temporary pricing agreement with Mansfield Oil.

From the time period beginning 8-29-2005 and ending 9-18-2005 Mansfield Oil will invoice customers under the South Carolina contract using cost plus pricing for **commercial regular unleaded fuel only**. This method of pricing uses the actual retail price posted at the station then deducts the Federal excise tax and adds back the SFM contract administration margin with a finance margin for Mansfield.

Temporary Price = Retail Price – Federal tax + SFM margin + Mansfield margin

Example:

Temporary Price = \$3.000 – \$0.184 + \$0.060 + \$0.020
Temporary Price = \$2.896

Since the price will vary with each transaction, I encourage agencies to review the transaction data from Mansfield carefully to be sure the pricing is accurate. The disruption in fuel supplies crossed over two invoicing periods, so both the August and September invoices will be affected. We apologize for any inconvenience this temporary pricing may cause your agency.